

COARSE GRAINS: WORLD MARKETS AND TRADE

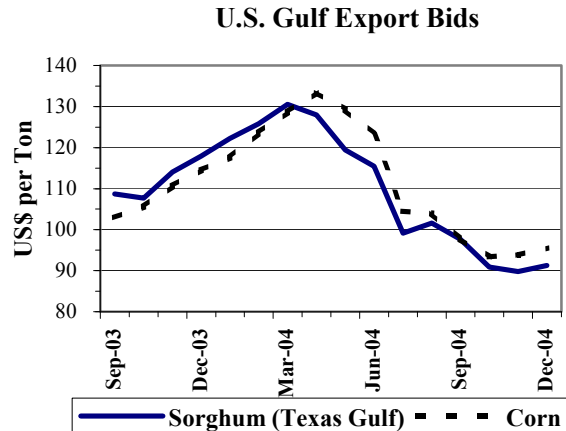
MONTHLY HIGHLIGHTS:

U.S. Corn Exports Continue to Tumble: U.S. corn export sales are lagging well behind last year, due mostly to strong competition from Argentina, especially in markets such as Saudi Arabia, Indonesia, and Malaysia. In the first quarter of the 2004/05-trade year, Argentina's sales to Saudi Arabia surged over 70 percent, while sales to Indonesia and Malaysia more than doubled. Any hope for a U.S. recovery will likely be tempered by Argentina's largest crop in 5 years, which is expected to reach markets starting in March and April. Competition in Middle Eastern and Southeast Asian markets will remain fierce throughout the rest of 2004/05. In light of these considerations, the U.S. export forecast is slashed by 1.5 million tons to 49.5 million.

PRICES:

Domestic: December export bids for #2 yellow corn averaged about \$96/MT, up \$2 from last month.

December export bids for #2 yellow sorghum (Texas Gulf) averaged over \$91/MT, up over \$1 from last month but nearly \$27 below year-ago prices. Sorghum carried a \$5-per-ton discount to corn in December, up slightly from the previous month.



TRADE CHANGES IN 2004/2005

Selected Exporters

- **United States corn** tumbles by 1.5 million tons to 49.5 million because of heightened competition from Argentina.
- **Argentina corn** soars by 1.5 million tons to 11.5 million on the basis of the largest expected crop in 5 years and a strong first-quarter shipment pace.

Selected Importers

- **Malaysia corn** is increased by 200,000 tons to 2.2 million, as the recovery in the domestic poultry sector is faster than previously thought.
- **Russia barley** is up 100,000 tons to 400,000 due to an expanding malting industry.

TRADE CHANGES IN 2003/2004

Selected Exporters

- **Australia barley** is up 105,000 tons to 6.1 million based on final trade data.

Selected Importers

- **Malaysia corn** is up 150,000 tons to 2.25 million on the basis of stronger-than-expected, late-season shipments from Argentina.